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SUBJECT: EMBASSY MINSK WEEKLY POL/ECON REPORT - March 14, 2008

11. The following are brief items of interest compiled by Embassy Minsk.

#### TABLE OF CONTENTS

##### Civil Society

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- Grodno Activists Campaign for "European Belarus" (para. 2)
- Protestant Pastor Fined (para. 3)
- Former Prisoner to Monitor Judicial Abuses (para. 4)
- Independent Journalists Detained in Brest (para. 5)
- Former Political Prisoner Goes on Hunger Strike (para. 6)
- Small Business Activist Detained on Criminal Charges (para. 7)

##### Domestic Economy

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- GOB Official Expresses Concern Over Sanctions (para. 8)
- GDP Reportedly on the Rise (para. 9)
- Industry Paid USD 606 Million for Energy in 2007 (para. 10)
- Belarus to Launch Rural Development Plan (para. 11)

##### International Trade

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- Russia: Belarus Failed to Meet Trade Commitments (para. 12)

##### Quote of the Week (para. 13)

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##### Civil Society

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#### 12. Grodno Activists Campaign for "European Belarus"

Grodno-based democratic activists launched an organizing committee March 7 for a campaign to encourage closer ties with Europe. Campaign leader Nikolay Statkevich stated that the goal of the campaign is to show that democratic forces "want Belarus to become a European country" and want "to improve living standards" for Belarusians. The campaign has already begun in Mogilyov and Vitebsk, and activists also plan to continue the campaign in Minsk, Brest and Gomel to start collecting signatures calling for Belarus' integration into the European Union.

#### 13. Protestant Pastor Fined

A Minsk district court fined New Life Church (NLC) pastor Vyacheslav Goncharenko BYR 350,000 (USD 165) March 10. The judge charged Goncharenko with obstruction of official duties by refusing to allow fire inspectors access to the NLC building. Goncharenko made the move amid warnings and threats of further sanctions against the NLC, and is determined to continue to refuse officials access until the

Supreme Court settles a case the NLC brought in relation to the forced sale of NLC property.

#### 14. Former Prisoner to Monitor Judicial Abuses

Former political prisoner and Volkovysk-based entrepreneur Nikolay Avtukhovich announced plans March 10 to establish an international commission for assessment of unlawful and overly-stringent court sentences. Legal experts will review verdicts considered by convicts or their family members to be unfair, abusive, or politically motivated. According to Avtukhovich, the reviews will better enable the European Court for Human Rights to challenge the groundless and unlawful imprisonment of many convicts.

#### 15. Independent Journalists Detained in Brest

Police in Brest briefly detained and questioned a group of independent journalists March 10. The journalists were working on a film about the local Muslim community. The officers alleged they received a phone call from Brest residents concerned with an "unauthorized filming of Chechens," detained the journalists for five hours, and released them without charges after a conversation with local ideology officers.

#### 16. Former Political Prisoner Goes on Hunger Strike

Former political prisoner Sergey Skrebets and his brother Aleksandr went on a hunger strike March 10 demanding the GOB release political prisoners Aleksandr Kozulin, opposition youth activist Andrey Kim, and small business leader Sergey Parsyukevich. The two do not intend to send any petitions to either the Presidential Administration or international organizations.

#### 17. Small Business Activist Detained on Criminal Charges

MINSK 00000184 002 OF 003

Vitebsk-based "For Freedom" movement activists launched a fundraising campaign March 9 to support the family of small business activist Sergey Parsyukevich who has been in custody since March 4. Parsyukevich served a 15-day sentence in January on charges of participating in an unsanctioned entrepreneurs' demonstration in central Minsk and was severely beaten in jail. He filed a complaint with the prosecutor's office; in response the police opened a criminal case alleging Parsyukevich assaulted a warden. The activist insisted he was arrested "to intimidate entrepreneurs."

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Domestic Economy  
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#### 18. GOB Official Expresses Concern Over Sanctions

Chairman of the National Academy of Sciences Mikhail Myasnikovich stated March 12 at a round table on import substitution that "in many respects, U.S. sanctions are merely a show of strength, but uncertainty [caused by the sanctions] may affect our economic situation." He also pointed out that Belarus will need to be more careful when seeking foreign loans. "We are actively working with Russian banks today. But if a Russian bank has even a single American-held share, the U.S. then can force the bank not to transact business with us," Myasnikovich said. He underlined that funds borrowed by enterprises in Belarus grew 46.3% in 2007. "But we must understand that the state sector prevails here, and if these enterprises appear to be insolvent for some reason, foreign lenders will appeal to the state [for repayment], and it will not benefit our economy," he noted. According to Myasnikovich, Belarus received about USD 3 billion in foreign capital in 2007 in the form of short-term loans for capital assets and foreign purchases.

#### 19. GDP Reportedly on the Rise

Minister of Statistics Vladimir Zinovskiy reported March 11 that Belarus' GDP rose by 9.9 percent year-on-year in the first two months of 2008. Annual GDP growth was 8.1 percent in 2007.

Industrial output increased by 12.9 percent in January and February 2008 with agricultural output rising 6 percent. Zinovskiy added that Aleksandr Lukashenko highlighted the importance of accurate statistical data to ensure relevant GOB policies. He also noted the Ministry is actively preparing for a census scheduled for October 2009.

#### 10. Industry Paid USD 606 Million for Energy in 2007

The Ministry of Industry announced March 7 that Belarusian industry paid USD 606 million for energy resources in 2007, a 38.8 percent increase over 2006. According to the Ministry, Belarusian companies on aggregate had been able to decrease their energy costs from 10.2 of overall expenses to 6.9 percent over the past five years. Gas price hikes halted the decrease, and the figure for 2007 stood at 7.7 percent.

#### 11. Belarus to Launch Rural Development Plan

Deputy Prime Minister Ivan Bambiza announced March 11 that Belarus plans to invest USD 590 million in 5,481 rural social and infrastructure facilities. However, Prime Minister Sergey Sidorskiy, who was also present at the announcement, stated that 620 facilities from the government's 2005-2007 rural investment plan were never completed, and the completion of those projects will require an additional USD 72 million. Sidorskiy blamed delays by developers for the shortfall.

#### International Trade

#### 12. Russia: Belarus Failed to Meet Trade Commitments

Russia plans to accuse Belarus of non-fulfillment of commitments under a 2007 trade agreement during the March meeting of the Union State Council of Ministers, according to the Belarusian press. Russia announced its discontent during a March 5 meeting of the Commission for Tariff and Non-tariff Regulations of the Council of Ministers of the Union State in Minsk. The complaint is based on Belarus' failure to open its market to Russian tobacco products. The Belarusian state procurement system restricts supplies from Russian makers and encourages domestic producers.

#### 13. Quote of the Week

The Venezuelan Embassy, in a decidedly undiplomatic press release contesting former Polish Ambassador Mariusz Mashkevich's assertion that recent Belarus/Venezuela business agreements are a vehicle for

MINSK 00000184 003 OF 003

money laundering:

"His allegations are a rough and irresponsible lie. The embassy urgently advises Mr. Ambassador to carefully rinse his mouth before speaking about the worthy presidents Hugo Chavez and Aleksandr Lukashenko."

Moore